

CORRECTED FISCAL NOTE

HB 2476 – SB 2630

April 7, 2008

SUMMARY OF BILL: Increases from two to four the annual number of temporary sales periods which a charitable entity, whose primary function involves fundraising to support city, county, or metropolitan library systems, may conduct sales of tangible personal property without being considered a business for tax purposes.

ESTIMATED FISCAL IMPACT:

On January 21, 2008, we issued a fiscal note on this bill indicating a *decrease of state revenue of \$11,300 per year*, and a *decrease of local government revenue of \$3,600 per year*. Based on additional information received from the Department of Revenue and the Secretary of State, the fiscal impact of this bill was corrected on February 25, 2008 to reflect the following estimated impact:

(CORRECTED)

Decrease State Revenue - \$113,400

Decrease Local Revenue - \$36,500

Based on new information received from the Secretary of State and the State Librarian and Archivist, the fiscal impact for this bill is estimated as follows:

(CORRECTED)

Decrease State Revenue - \$104,700

Decrease Local Revenue - \$33,700

Assumptions:

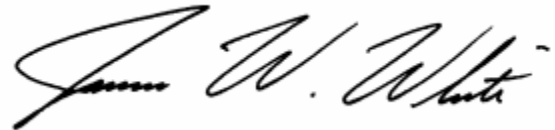
- According to the State Librarian and Archivist, there are 187 library systems in Tennessee.
- The number of non-profit public library support organizations is estimated to be 187 (one per library system).
- One hundred percent take advantage of two additional temporary sales periods per year.

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- Sales not limited to books; includes the sale of tangible personal property.
- Additional sales of tangible personal property are estimated to average \$4,000 per event.
- Sales for two additional temporary sales periods are estimated to be \$1,496,000 (187 entities x 2 additional events x \$4,000 per event = \$1,496,000).
- The current state sales tax rate is seven percent.
- The decrease in state revenue is estimated to be \$104,700 ($1,496,000 \times 7.00\% = \$104,720$) per year.
- The local option sales tax rate is estimated to average two and one-quarter percent.
- The decrease in local government revenue is estimated to be \$33,700 ($\$1,496,000 \times 2.25\% = \$33,660$) per year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc